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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Gemco Unit Conversion Stays Right on 'Target'

LOS ANGELES — Target's remodeling effort to convert the 54 Gemco stores it acquired is on schedule, with the first group of stores set to open in July.

The addition of the transformed Gemcos—purchased for about $440 million last year from Lucky Stores by Minneapolis-based Dayton Hudson—account for the majority of the 76 stores Target said it plans to open in 1987, bringing its total count to 320.

To take advantage of existing markets, Target will open its first stage of Gemco-converted stores in Target-established locations. Thirteen are set to open in southern California in July, where Target has been present since 1983, the chain said. The remaining stores will be opened in three more stages throughout the year, with the last 12 to be opened in the San Francisco Bay Area.

Calling it a "perfect match," Target said Gemco's typical 100,000-sq.-ft. stores are compatible with the average size of its prototype. The company said it is "essentially going in and ripping out the interiors" since there are few similiarities inside the two stores. Target said it assumed the real estate agreements, either ownerships or leases, which Gemco held in California, Nevada and Arizona. In addition to the 54 stores being converted, Target also acquired 24 other Gemcos, sold to a real estate interest.

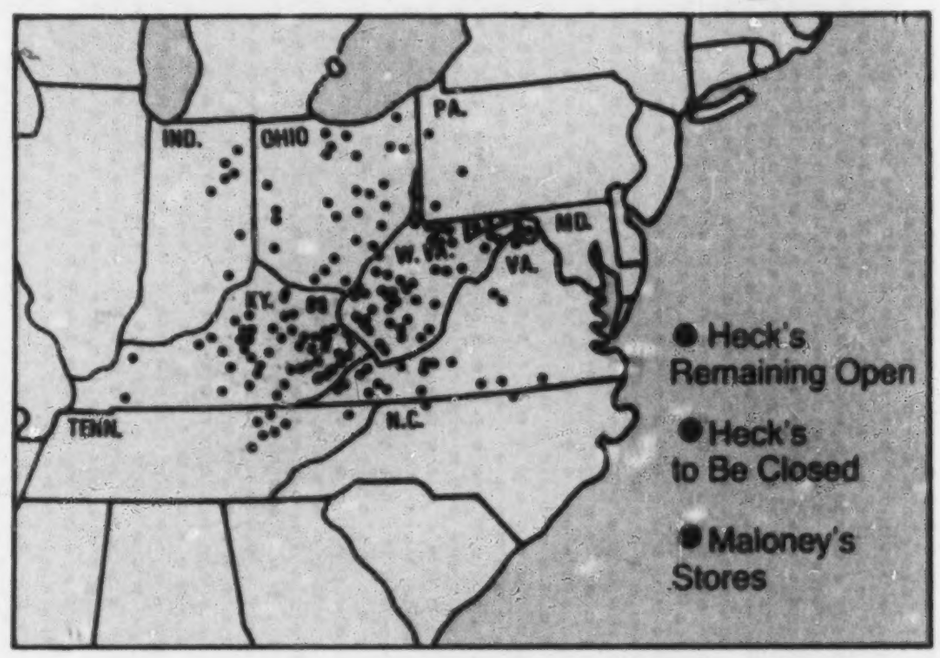
Lawsuit Hits Reeling Heck's As Retrenchment Plan Begins

NITRO, W. VA. — Embattled Heck's, reeling from the twin blows of slumping sales and a buyout deal that collapsed, will close 29 stores, eliminate staff, trim salaries and consolidate warehouses in an attempt to cut its losses.

Even as the company began retrenching, it was hit with another blow. Robert Toussie and Albert Lowenthal, principals in the Toussie-Viner Investment Group, which cancelled its $145 million acquisition of Heck's last month, sued the chain for more than $1 million. Both executives also resigned from Heck's board of directors.

The New York investors claim that their contract to

(Continued on page 66)



Heck's will close 29 stores and lay off 1,100 employees by mid-May, leaving the chain with 129 stores. DSN *chart*

K mart Creates Purchasing Post To Establish Central Reordering

TROY, Mich. — In a effort to place more purchasing control at headquarters, K mart has created a new executive position to develop and oversee a centralized merchandise reordering system.

In a separate move, the nation's second largest retailer has formed a new operational post at its 203-store Canadian retail division.

Barrett

Costine

Daniel Barrett has been named to the new post of director of centralized merchandise systems planning. He will report to Ward Walkotten, director for corporate systems planning, K mart announced.

Walkotten said Barrett will be responsible for creating a

(Continued on page 66)

Dayton Hudson Will Test Full-Price Teleshopping

MINNEAPOLIS — Dayton Hudson is going to launch a teleshopping venture, becoming the first traditional retailer to produce a teleretailing program.

Dayton Hudson's first broadcast will be March 29 over five stations, only one of them in a Dayton Hudson market.

The Dayton Hudson entry will be a one-hour show to be broadcast weekdays in a 13-week test run. It will be carried on KSTP in Minneapolis, KTOG, a UHF station in St. Petersburg, Fla., and on stations in Albuquerque, Farmington, and Roswell, all in New Mexico. Broadcast times will be arranged by the individual station.

The program, with a set planned to depict a 'true-to-life' department store setting, will be taped in Los Angeles by USTV, which will handle production, syndication and distribution.

USTV is a limited partnership whose members include

(Continued on page 66)

Penney To Wire Chicago Suburbs To Prepare for Teleshopping Service

J.C. Penney executive vice president Ralph Henderson (right) and Stuart MacIntire, president of the company's Telaction subsidiary.

NEW YORK — J.C. Penney has begun to 'wire' Chicago's Northwest suburbs in preparation for the summertime launch of its Telaction interactive teleshopping service to as many as 125,000 households in the Windy City.

The wiring involves putting up on poles the weatherproof Telaction frame store units, each of which serves about 15 cable subscribers. These units store and then transmit the frames or still full-color pictures, along with the audio presentation, of the goods and services that a consumer can access from Telaction.

The frame store units were being connected to at least five cable systems, including such major carriers as American Cablesystem, Centel Cable and Continental Cablevision that serve the suburbs of Aurora, Addision, Rolling Meadow and Northland.

Penney plans to follow up Telaction's pilot in-

(Continued on page 66)

600 Employees in 12 Stores

Cook Closes More Units

MAPLE HEIGHTS, Ohio — Cook United will further pare its current 41-store operation and cut one-third of headquarter staff to attain a profitable 29-store core, said Geoffrey Lurie, president.

By closing 12 stores that represent a $6 million loss—four in Greater Cleveland, seven in Toledo and its only Ga. store in Griffin—Lurie said Cook will be that much closer to achieving its goal of profitability during 1987. The 12 should be shuttered by April 30.

Revenues from inventory liquidation and real estate (one Toledo store is owned), will enable Cook to pay off $10 million of its debt, Lurie said.

To reduce salary expense, between 60 and 65 of Cook's 200-person headquarters staff will be terminated, as well as 600 store level employees involved in the store closings.

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MARKETWATCH

Pace Warehouse Sales Leap 119% in 1986

DENVER — Pace Membership Warehouse reported its fiscal 1986 year-end sales jumped 119%. The company's sales climbed to $602.7 million from $275.1 million in the fiscal year, ended Feb. 1, 1987. Same-store sales for Pace's 16 warehouse units in operation for the full year increased by 9%. Sales for the four-week period ended Feb. 1, 1987, showed a 55% gain, rising to $48.8 million from $31.5 million in the comparable period last year. Same-store sales for the period increased 7%. The company operates 25 warehouses in Colorado, Florida, Georgia, Iowa, Kentucky, Maryland, Michigan, Nebraska, North Carolina, Pennsylvania and California (set to open in April).

QVC Promotes Teleshopping with Mailing

WEST CHESTER, Pa. — The QVC Network this month will complete a five-million piece mailing to cable TV subscribers promoting its round-the-clock teleshopping service. QVC chairman Joseph M. Segel said the video retailer this year will spend $7 million on promotions, with $5 million budgeted for the three-month direct mail effort. The mailing, which contained a personalized letter, QVC Club membership card and phone stickers noting the toll free number to call for ordering goods, went to subscribers of the cable TV systems that carry QVC.

Marshalls' Parent Reports 9% Sales Gain

HARRISON, N.Y. — Melville Corporation, parent of Marshalls, Freddy's, Kay-Bee and a number of other specialty chains, said retail sales for the 24-day period ended Jan. 24 were $258 million, up 9% from the year-ago, 25-day period ended Jan. 25, 1986. The company operates 5,816 stores and leased departments, up 4.4% from last year.

Bar Code Seminar Reports Are Available

PITTSBURGH — The Federation of Automated Coding Technologies (FACT) SCAN-TECH 86 seminar on Creating Industry-wide Standards for bar codes is available on audio cassette or as a printed report for $15. They can be ordered from Automatic Identification Manufacturers (AIM), Literature Department, 1326 Freeport Road, Pittsburgh, Pa. 15238. Phone (412) 963-8588.

Videotex Expo Scheduled for June in N.Y.

ROSSLYN, Va. — The Videotex Industry Association will hold the 1987 International Videotex Industry Exposition & Conference June 15 to June 17 at the Sheraton Centre Hotel, New York. Information on the show, the only event of its kind in North America, is available from VIA, 1901 N. Fort Myer Drive, Suite 200, Rosslyn, Va. 22209. Phone (703) 522-0883.

Catalogers' Spring Banquet set for Chicago

GREENWICH, Conn. — The National Association of Catalog/Showroom Merchandisers will hold its spring banquet on April 6 at the Ambassador West Hotel in Chicago. Tickets, which cost $50, including two drink coupons, are available from NACSM, 2 Sound View Drive, Suite 100, Greenwich, Conn. 06830. Phone (203) 629-9033.

Electronic Funds Assn. Sets Annual Expo

WASHINGTON — The Electronic Funds Transfer Association (EFTA) will hold its annual convention and exposition March 29 to April 1 in Caesars Place Hotel, Las Vegas. A retailer session focuses on EFT/POS successes in department stores, with executives from Federated Department Stores, parent of discounter Gold Circle, and Carter Hawley Hale as participants. For information, write: EFT Association, 1726 M Street, N.W., Suite 1000, Washington, D.C. 20036, or call: (202) 659-2100.

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Home Office Goods, Fashion Colors Drive Up Stationery Margins: Panel

By MARY ELLEN KELLY

NEW YORK — A panel of merchandise managers from discount, drug and supermarket chains told Back-to-School (BTS) show attendees here which product lines they've targeted for future growth, as well as how venders and distributors can address the merchandising pitfalls of the stationery business.

Home office supplies and higher-ticket "fashion" stationery lines were the two types of merchandise most often cited as the promising margin makers, while BTS items continued to top the charts.

"Fashionability is key to getting volume together with the margins," said Bernard Elias, the general merchandise manager of the 1,165-store Family Dollar chain.

"Last year color made its first major impact on our business, and now we're going to jump on the color trend in everything from pens and pencils to covers that wrap around composition books," Elias said. "We plan to look as up to date in stationery as we do in our apparel department."

Stationery seminar panelists at the Back to School show included (from left) John Martin, vp, dmm, Gold Circle, Fred Filer, publisher, DSN, and Ted Wyman, dmm, Hills.

Joining Elias on the nine-man seminar panel were two other full-line discounters: Ted Wyman, dmm, at Hills Department Stores, and John Martin, vp and dmm, for Gold Circle.

Deep discount drug store operator, Drug Emporium, was also part of the panel represented by Frank Shanower, merchandising vp.

Discount Store News publisher Fred Filer was joined by publishers from two other Lebhar-Friedman business publications, Jay Forbes of *Drug Store News* and Murray Forseter of *Chain Store Age/General Merchandise*, in questioning panelists on stationery trends and problems.

Wyman of Hills, based in Canton, Mass., said he agreed with Elias' views on color,

(Continued on page 66)

West Coast Editor Named

NEW YORK — *Discount Store News* has added a field editor to its Los Angeles office, announced Tony Lisanti, executive editor.

A former staff writer and retail editor for *California Apparel News*, Pamela Krein will cover discount chains and specialty operations in the Western region.

Krein, who graduated from the California State University, Northridge, with a B.A. in journalism, previously wrote for the *Daily News* of Los Angeles. In her new position, she reports to *DSN* managing editor Donald Longo.

DSN 25th ANNIVERSARY TRIVIA QUIZ: 1966

Store expansion into new markets continued heavily in 1966 as the greater pressure for bottom line results brought consolidations and mergers into the headlines and forced discount merchants to reach out for and trade up to higher tickets. Caldor wowed the industry with its then-opulent and upgraded 120,000-sq.-ft. Stamford, Conn., unit, which featured carpeted floors and crystal chandeliers.

DSN invites you to test your recall of industry events of 1966 with the questions that follow. As part of its 25th Anniversary, DSN is offering a $100 prize to the person who correctly answers the most questions. Please type your answers along with your name, address and telephone number, on standard letterhead, and mail to:

Quiz Editor—3/2
Discount Store News
425 Park Avenue
New York, N.Y. 10022

Winners and correct answers to each quiz will be announced in a future issue.

1. Housewares continued to be a mainspring department for sales and traffic, with sales per foot for the industry averaging:
a) $59;
b) $67;
c) $80.

2. The Kresge commitment to the K mart concept produced a precedent-shattering, five-year expansion plan for retailing. From a standing start in 1962 with its first store in Michigan, Kresge announced plans to have K mart's operating by 1967 in:
a) 18 states;
b) 32 states;
c) 47 states.

3. Big chain mergers made headlines in the 1966 issues of Discount Store News. *One such was the joining of Korvette's with Spartan Industries. The architect of that merger was:*
a) Charles Bassine;
b) Sol Cantor;
c) Gene Ferkauf.

4. Merger activity was reversed in one situation by a Supreme Court decision which caused a split-up of the two principals. They were:
a) Spartan & Korvettes;
b) Vons Grocery & Shopping Bag Stores;
c) Unimart & Vornado.

5. DSN census issue for 1966 reported a record new-store opening year of 236 full line discounters. The region that showed the biggest gain in stores, 25%, was:
a) New England;
b) Middle Atlantic;
c) Southwest.

6. In these heavy growth years, the top chains dominated the industry. The top 100 chains in 1966 accounted for:
a) 50% of stores;
b) 70% of stores;
c) 85% of stores.

7. In a year when sales productivity was of increasing interest to discounters, the department with the highest sales per square foot record, at $310 per foot was:
a) Stationery;
b) Hardware;
c) Major appliances.

8. In 1966, the closest discount chain to a billion dollar operation, with $962 million in sales, was:
a) K mart;
b) Korvettes;
c) Zayre.

9. Target, now a billion dollar chain, had just broken away from its home base in Minneapolis to test the Denver market. Its 1966 volume was:
a) $44 million;
b) $78 million;
c) $120 million.

10. The toy department was a good indicator of the chains' move to take over leased operations. In 1966, toy department leased operations had been reduced to:
a) 3% of all stores;
b) 17% of all stores;
c) 30% of all stores.

Skilled Home Craftsmen Drive Powered Hand Tool Market

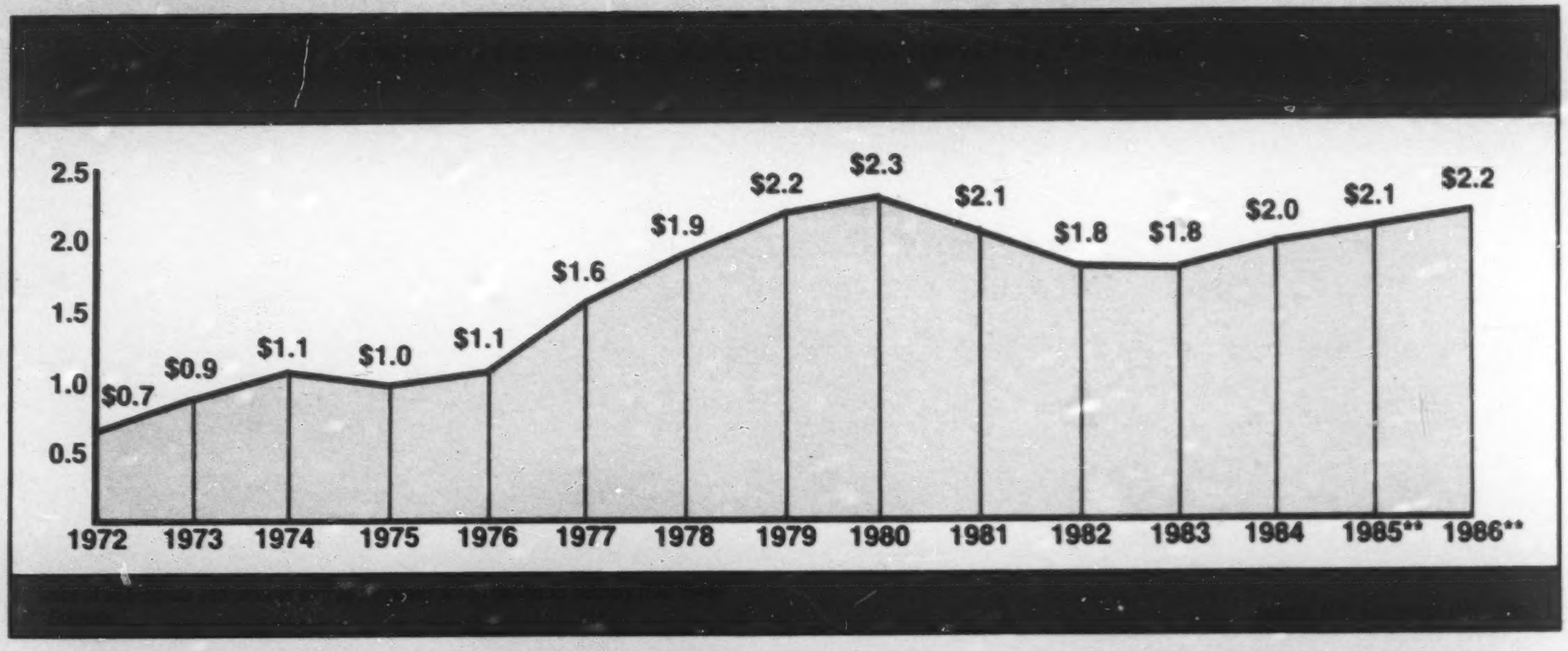
WASHINGTON — A new consumer breed, the "sophisticated do-it-yourselfer," has changed the U.S. power-driven hand tool market, a U.S. Commerce Department study concludes.

The introduction of new cordless hand tools was paramount in the sector's growth, the study found. For example, cordless screwdrivers, priced at about $20 at discount stores and other outlets, "attracted consumers who do not ordinarily use power tools," Commerce researchers reported.

"In recent years, power tool manufacturers have concentrated on introducing products aimed at more skilled, but nonprofessional, consumers," the study said.

The growing popularity of more professional tools, such as upscale power drills, mitre boxes and table saws, in the DIY market is good news for retailers and manufacturers of small, power-driven tools.

"Only 20% of the power tool market is considered professional," researchers said. On the other hand, DIY buyers kept U.S. power hand tool shipments on the rise to $2.16 billion in 1986, a gain of 1% when adjusted for inflation, they said.



The growing popularity of more professional tools, such as upscale power drills, mitre boxes and table saws, in the DIY market is good news for retailers and manufacturers of small power-driven tools.

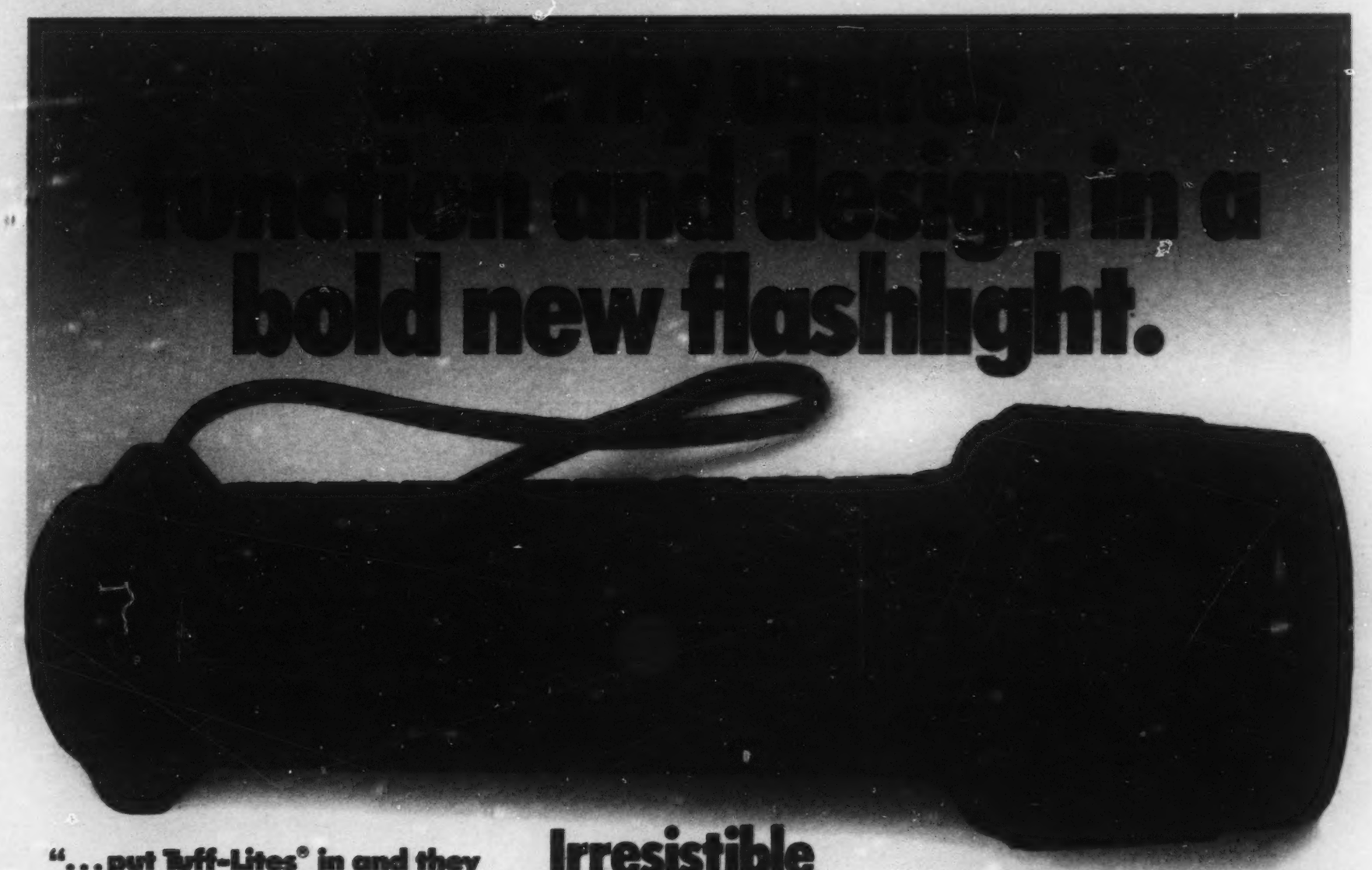
Projections by Commerce Department economists for future growth in U.S. power-driven hand tools were cautious. A rise of less than 1% in shipment value is expected in 1987, the study said.

Imports Will Spurt 11%

Imports of small power-driven hand tools will continue to affect domestic shipment increases, they added. Estimating an 11% rise this year, economists said the value of shipments of imported power-driven hand tools will reach $830 million during 1987.

"A further spurt in sales of cordless tools should provide much of the impetus for the modest increase expected in the coming year," economists said.

Significantly, they also predicted that import pressure would continue to stifle growth in domestic shipment of power tools through 1991. Economists forecast a compound annual "real" growth rate of about 2.5% between 1987 and 1991.



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Tuff-Lite® is the hottest new flashlight to hit the market in years. Built of rugged, heavy-duty rubber, it's shockproof, rustproof, and already ringing up big sales all over the country.

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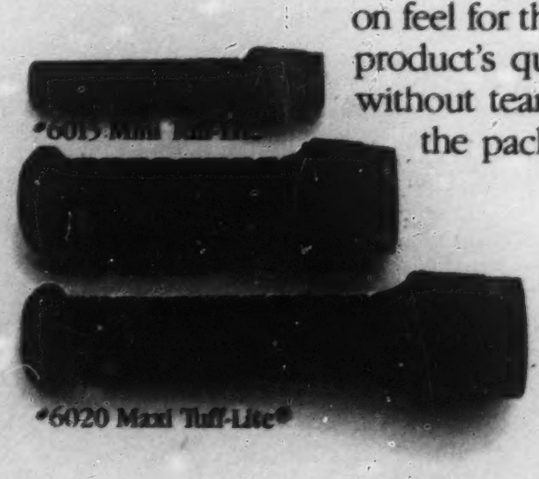
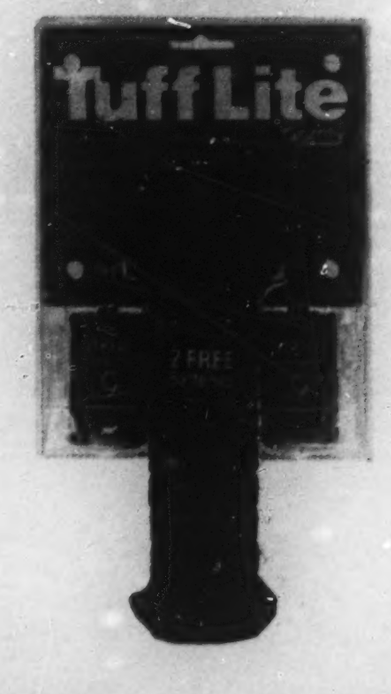


Irresistible packaging is the finishing touch.



Recessed On-Off Switch is safely out-of-the-way to eliminate unintentional turn-on.

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Consider Fashion, Function When Buying Security Hardware

By ARNOLD REINHARD
Vice President, Sales and Marketing, Schreiber Co.

The security business is doing well, lock, stock and barrel, with sales up about 7% in 1986. Volume should hold at that level during 1987, with sales driven by imports and extra lock sales as well as the increasing impact of the female do-it-yourself shopper.

Import brands such as VSI, Harlock and Ideal captured the majority of the top 50 total dollar movement rankings, but domestic venders like Masterlock, that have the advantage of brand recognition, also were top movers.

The imported security devices, which primarily are coming from Taiwan, offer quality at bargain prices.

VSI's top-ranked entrance lock, available to the retailer at about $5.96, can be marked-up 40% and sold to consumers at $8.34. This model, as well as Harlock's T-700 at $11.40 retail, are well-made locks at these price points.

Ideal has taken a particularly strong stand with screen door latches that have become popular because homeowners increasingly are adding summer rooms to their dwellings.

Despite the imports' advantage over domestic brands, sales waned during the past year as the costs associated with shipping boosted import prices 10% to 15%. The increases helped domestic lines, such as Masterlock and Yale, snare a slightly larger market share. Nonetheless, they both failed to make the top 50 list.

Because of the growing crime problem, many home and condominium owners are are deciding to reinforce their security by installing dead bolts and double dead bolts to doors and windows.

Sales of double dead bolts are especially strong, because consumers realize that all it takes for burglars to break into homes is to smash a single window, which essentially makes the single dead bolt almost worthless.

Double dead bolts must be unlocked from the outside with a key, as well as from the inside.

Retailers should promote lock sets to encourage these supplementary lock purchases, as well as to continue to target women shoppers.

Packaging Gets Better

Catering to females, both domestic and import manufacturers continue to improve packaging and installation directions. Such improved packaging makes it easier to shop for them—especially women.

Several years ago, latches and that type of security hardware were sold from bins. The carding that's common now has helped women customers identify what item they need.

Bronze and brass finishes in oval, round and other decorative shapes are selling more strongly than in the past, partly because of the influence of women hardware shoppers.

Buyers need to look at fashion and function equally when selecting lines to include in their assortments.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SECURITY & SAFETY			
1	VSI V651X3 Entrance Lock	1,150	8.34	9,591.00
2	Harl T-700 US3 Entry Mdl	735	11.40	8,379.00
3	Mast 1500D Comb Padlock	2,261	3.40	7,687.40
4	Harl T-700-M-DL US5 Entry	461	12.04	5,550.44
5	Mast 22D Padlock 1½"	2,010	2.00	4,020.00
6	Mast 500D Padlock 1¾	1,521	2.55	3,878.55
7	Harl UR 700-M-DL US3 Enty	234	15.22	3,561.48
8	Harl DC-DB 840 US3 Doub	280	12.04	3,371.20
9	Harl DC-DB 820 US3 Sing	356	9.31	3,314.36
10	VSI V640X3 Privacy Lock	471	6.48	3,052.08
11	VSI V610X3 Passage Lock	541	5.59	3,024.19
12	Ideal 45-3024 Nite Latch	427	5.98	2,553.46
13	Ideal 17-8533 Pneum Close	497	4.77	2,370.69
14	Ideal 14-1233 Pshbutn Lock	247	9.10	2,247.70
15	Spar 03310 Entry Lockset	252	8.72	2,197.44
16	Mast 1D Padlock 1⅛"	356	6.05	2,153.80
17	Harl UM700 US5 Entry Mdl	114	17.92	2,042.88
18	Ideal 11-6033 Knob Lock	317	6.20	1,965.40
19	Harl T-200 US3 Bedroom Pb	275	7.06	1,941.50
20	Mast 10D Padlock 1"	1,116	1.84	1,830.24
21	Ideal 12-1143 Pshbutn Ltch	285	6.36	1,812.60
22	Mast 7D Padlock 1⅛"	407	4.33	1,762.31
23	Ideal 17-8543 Pneum Close	364	4.77	1,736.28
24	VSI LW22 1½ Padlock	1,169	1.47	1,718.43
25	Harl UJ 700 M-DL US5 Enty	107	15.92	1,703.44
26	Ideal 12-1133 Pshbutn Ltch	267	6.36	1,698.12
27	Harl T-100 US3 Passage Pb	267	6.26	1,671.42
28	VSI DL105 3 Way Nite Larc	342	4.70	1,607.40
29	Ideal 12-8043 Pshbutn Ltch	248	6.36	1,577.28
30	Ideal 18-2533 Hydr Close	187	7.57	1,415.59
31	Harl T-100-US5 Passage	201	6.99	1,404.99
32	Ideal 45-2024 Rim Cyl Dead	199	7.06	1,404.94
33	Ideal 57-0613 Adj Door Spr	876	1.58	1,384.08
34	Harl T-200-US5 Privacy	175	7.78	1,361.50
35	VSI LH450 Key Lock Hasp	365	3.57	1,303.05
36	Ideal 12-8033 Pshbutn Ltch	200	8.36	1,272.02
37	Mast 3D Padlock 1½"	240	5.18	1,243.20
38	Mast 105D Padlock 1⅛"	618	1.97	1,217.46
39	VSI C60 Comb Padlock	720	1.68	1,209.60
40	VSI L3T 1½ Twin Padlk	270	4.45	1,201.50
41	VSI DL101 Surf Dedlk Sgl	159	6.93	1,101.87
42	Harl UDB 940US3 Doub Pb	60	17.84	1,070.40
43	Ideal 23-0133 Strike Plate	1,066	.91	970.06
44	Mast 9D Padlock ¾"	660	1.46	963.60
45	VSI LH250 Key Lock Hasp	310	3.09	957.90
46	Ideal 45-1583 Rim Cylinder	387	2.38	921.06
47	Ideal 15-9933 Knob Lock	91	10.11	920.01
48	Harl UDB 920 US3 Sing Pb	68	13.52	919.36
49	Mast 5D Padlock 2"	118	7.60	896.80
50	Ideal 11-1533 Knob Latch	144	6.20	892.80

Source: Schreiber Co., distributor, Lititz, Pa., for the period of November 1986 through June 1987, covering 825 stores, including 725 discount stores, in the Northeast, Southeast and Mid-Atlantic regions. Average retail prices reflect typical for mass merchandisers.

A TEST YOU CAN'T AFFORD TO FAIL.

	Yes	No
Q. Are you carrying the rechargeable lanterns that outsell the competition 2:1?	☐	☐
Q. Are you selling the brightest rechargeable flashlights on the market?	☐	☐
Q. Will you be offering consumers the primary cell flashlights that can last up to 10 years?	☐	☐
Q. Are you getting free dealer tagged TV advertising?	☐	☐

If you answered "NO" to any question, please turn the page.